

DEPARTMENT OF FINANCE

Departmental Program Structure and Outcome Measures

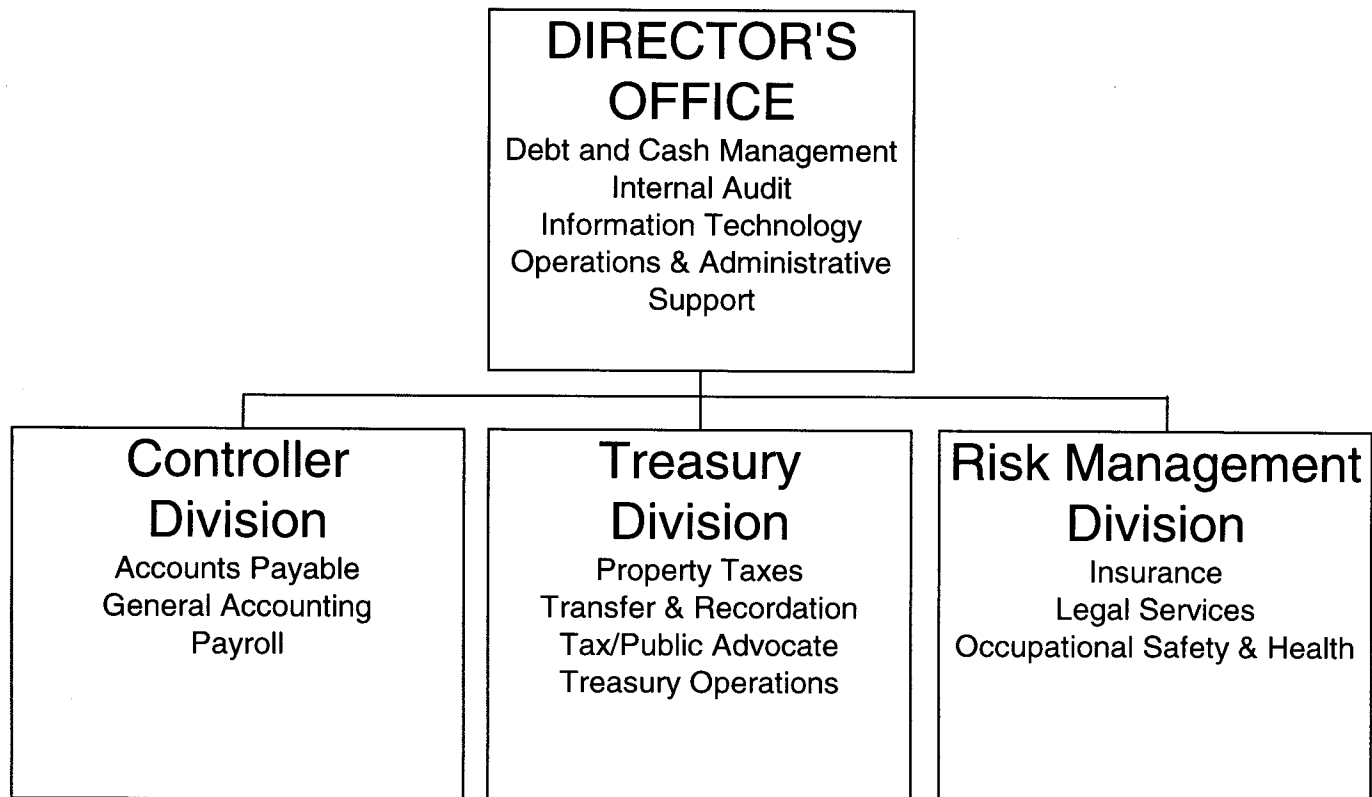
Mission

To prudently manage financial operations, recommend and implement sound fiscal policies, safeguard public assets, and encourage a safe environment on public property.

Guiding Principles

The Department accomplishes its mission and achieves its vision by adopting the County's Vision Statement and Guiding Principles as its own and by:

- Adhering to the highest professional standards
- Promoting employee growth and development
- Being timely
- Providing thorough, accurate, objective analysis
- Being proactive
- Practicing organizational loyalty



DEPARTMENTAL OUTCOMES

	FY03	FY04	FY05	FY06	FY07
	ACTUAL	ACTUAL	ACTUAL	BUDGET	CE REC
Bond rating by three rating agencies ^a	AAA	AAA	AAA	AAA	AAA
Certificate of Achievement for Excellence in Financial Reporting ^b	Yes	Yes	b	b	b

Notes:

^aAAA bond rating from Standard and Poor's and Fitch, Inc.; Aaa from Moody's Investor Service, Inc.

^bContinuing practices are necessary to qualify for the Government Finance Officers Association (GFOA) Certificate of Achievement. Montgomery County has been awarded this certificate 35 times, more than any other county.

FINANCE

PROGRAM:

Accounts Payable

PROGRAM ELEMENT:
PROGRAM MISSION:

To facilitate timely and accurate payments to vendors for goods and services provided to the County, ensure compliance with County policies and procedures, and reliably carry out State and Federal reporting requirements

COMMUNITY OUTCOMES SUPPORTED:

- Ensure high value for tax dollars
- Ensure accountability
- Insist upon customer satisfaction

PROGRAM MEASURES

	FY03 ACTUAL	FY04 ACTUAL	FY05 ACTUAL	FY06 BUDGET	FY07 CE REC
Outcomes/Results:					
Checks issued directly by the departments that are returned as undeliverable, per thousand checks issued ^a	5.61	5.61	7.44	5.55	5.6
Checks issued through Accounts Payable that are returned as undeliverable, per thousand checks issued ^a	0.77	0.35	0.13	0.43	0.25
Service Quality:					
Ratio of all County successful payments to stop-payments processed	178:1	233:1	170:1	170:1	194:1
Percentage of all payments processed within 28 days of receipt of invoice ^a	91	92	92	92	92
Percentage of Accounts Payable payments (\$5,000+) processed within 7 days of receipt in Accounts Payable ^a	100	100	100	100	100
Efficiency:					
Accounts Payable payments issued per program workyear ^a	4,030	4,328	4,627	4,030	4,328
Workload/Outputs:					
Number of payments issued (000) ^{a,b}	145	147	143	140	144
Number of payments issued by Accounts Payable (000) ^{a,b}	27	29	31	27	29
Inputs:					
Personnel expenditures (\$000) ^c	376	362	420	418	477
Workyears ^c	6.7	6.7	6.7	6.7	6.7

Notes:

^aSince FY02, reports developed in cooperation with the Office of Procurement have been able to provide information on payments processed by departments only (under \$5,000) and those processed by Finance's Accounts Payable staff. Processing time reports are available on a quarterly basis.

^bIncludes investment transactions. Implementation of Procurement Cards (PCard) in FY00 reduced the number of payments by 9,600 in FY03, 1,871 in FY04, and 16,520 in FY05. However, staff must still be available to provide technical assistance and audit services.

^cOperating expenses are included under Administration. FY03 - FY07 reflect budgeted workyears.

EXPLANATION:

The accounts payable process within Montgomery County is decentralized. Payments to vendors are initiated and approved by individual departments. Accounts Payable staff are responsible for review and final approval of all payments of \$5,000 or more. Payments under \$5,000 are either individually reviewed and approved or subject to post-payment audits.

The Accounts Payable Program works to limit the number of returned checks, in partnership with departments. Sometimes checks that are undeliverable due to incorrect addresses or other problems must be stopped so they will not be inappropriately cashed. While some improvements have been made in reducing the number of checks returned as undeliverable, the ratio of successfully issued checks to stop payments has fluctuated.

PROGRAM PARTNERS IN SUPPORT OF OUTCOMES: County departments, vendors.

MAJOR RELATED PLANS AND GUIDELINES:

FINANCE

PROGRAM:

Debt and Cash Management

PROGRAM ELEMENT:
PROGRAM MISSION:

To maintain the County's AAA General Obligation Bond debt rating by managing timely short- and long-term debt issues and managing the County's working capital investment portfolio within its approved investment policy; developing and maintaining strong agency and banking/investor relations; preparing accurate and timely financing documents, including the County's Annual Information Statement; ensuring strict compliance with disclosure requirements; coordinating bond counsel review; and providing high-quality consulting services for County agencies, managers, staff, elected officials, the press, and citizens on issues related to debt and cash management

COMMUNITY OUTCOMES SUPPORTED:

- Ensure high value for tax dollars
- Ensure accountability
- Insist upon customer satisfaction

PROGRAM MEASURES

	FY03 ACTUAL	FY04 ACTUAL	FY05 ACTUAL	FY06 BUDGET	FY07 CE REC
Outcomes/Results:					
Bond rating by three rating agencies ^a	AAA	AAA	AAA	AAA	AAA
Average rate of return on County investments (%)	1.59	1.13	2.19	3.00	4.60
Difference between the County's rate of return and the industry benchmark (basis points) ^b	+61	+53	+62	+50	+50
Interest earned on pooled investments (\$000)	11,095	6,412	15,553	22,042	37,808

Service Quality:
Efficiency:

Program costs as a percentage of total financing proceeds	0.05	0.08	0.08	0.07	0.10
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Workload/Outputs:

Development districts administered	2	2	2	2	2
Development district financings	0	0	0	0	0
Conduit financings	1	3	3	4	4
Master lease financings	3	0	7	4	7
Other debt or lease financings	9	6	5	7	5
Total proceeds from financings (\$ millions)	782.4	496.4	567.7	615.5	487.8
County direct debt outstanding (\$ millions) ^c	1,490.9	1,552.0	1,479.1	NA	NA

Inputs:

Personnel expenditures (\$000) ^d	414.3	412.9	440.1	454.9	493.6
Workyears ^d	4.9	4.8	4.8	3.8	3.8

Notes:

^aAAA bond rating from Standard and Poor's and Fitch, Inc.; Aaa from Moody's Investor Service, Inc.

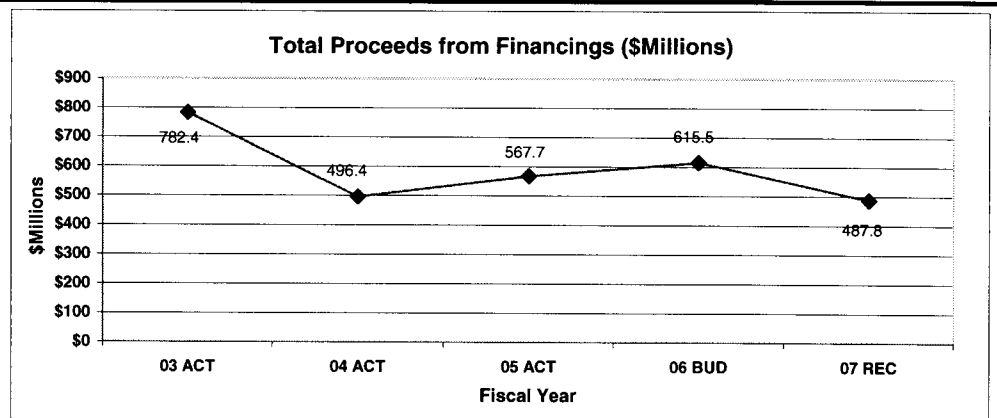
^bThe industry benchmark used is the Money Fund Report's Money Fund Index. 100 basis points is equal to 1 percent.

^cAs of June 30 of the fiscal year. Debt outstanding is difficult to estimate due to volatility in expected financing schedules.

^dOperating expenses are included under Administration. FY03 reflects the merger of debt management with the cash management function transferred from Treasury Operations. The FY06 decrease in workyears is due to the shifting of one position to Operations and Administration. FY03 - FY07 reflect budgeted workyears.

EXPLANATION:

The Debt and Cash Management Program manages the County's short-term working capital investment portfolio and arranges for the timely and cost effective issuance of short- and long-term debt. The ability to manage risk and maximize investment yield is paramount to this program. The ability to raise capital through short- and long-term financing for infrastructure and other public purposes - spreading the costs over the useful life of the infrastructure - is indicative of sound fiscal policy. The achievement of the AAA bond rating from the three major bond rating agencies ensures the lowest cost possible for the County's debt.



PROGRAM PARTNERS IN SUPPORT OF OUTCOMES: Office of Management and Budget; Office of the County Attorney; County Council and staff; program departments; bond counsel; financial advisors.

MAJOR RELATED PLANS AND GUIDELINES: Montgomery County Code; Approved Capital Improvements Program.

FINANCE

PROGRAM:

General Accounting

PROGRAM ELEMENT:
PROGRAM MISSION:

To provide timely and professional analysis, interpretation, and presentation of the County's financial position through financial reporting and oversight

COMMUNITY OUTCOMES SUPPORTED:

- Ensure high value for tax dollars
- Ensure accountability
- Insist upon customer satisfaction

PROGRAM MEASURES

	FY03 ACTUAL	FY04 ACTUAL	FY05 ACTUAL	FY06 BUDGET	FY07 CE REC
Outcomes/Results:					
Certificate of Achievement for Excellence in Financial Reporting ^a	Yes	Yes	a	a	a
Service Quality:					
Number of audit adjustments required by outside auditor	0	0	0	0	0
Business days to close fiscal year accounts ^b	116	91	87	85	85
Efficiency:					
Percentage of program workyears needed to produce the Comprehensive Annual Financial Report ^b	27.6	21.6	19.9	22.3	22.1
Journal entries reviewed and posted per workyear ^c	422	391	392	380	378
Workload/Outputs:					
Number of grant reports produced	885	972	961	990	1,000
Number of payment vouchers prepared	NA	5,159	5,367	5,350	5,400
Number of journal entries prepared	2,640	2,693	2,285	2,400	2,450
Number of journal entries reviewed and posted ^c	6,876	6,692	6,698	6,800	6,850
Inputs:					
Personnel expenditures (\$000) ^d	1,202	1,416	1,529	1,697	1,838
Workyears	16.3	17.1	17.1	17.9	18.1
Personnel costs to produce the Comprehensive Annual Financial Report (\$000) ^{b,d}	363	321	320	379	406
Workyears to produce the Comprehensive Annual Financial Report ^b	4.5	3.7	3.4	4.0	4.0

Notes:

^aThe County is continuing practices necessary to qualify for the Government Finance Officers Association (GFOA) Certificate of Achievement. The County has been awarded this certificate more than any other county in the nation (35 times with the most recent award for the FY04 Comprehensive Annual Financial Report).

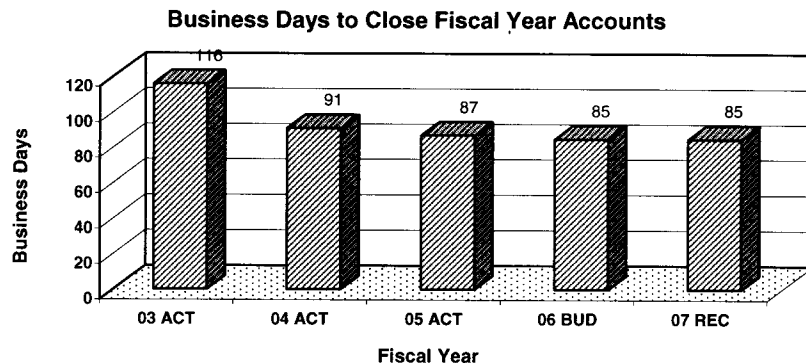
^bFY03 through FY07 actuals/projections reflect an increased effort to produce the Comprehensive Annual Financial Report, based on the actual and anticipated levels of effort needed to implement and comply with new accounting standards, including GASB Statements 33 through 40. Although the ongoing efforts associated with the new standards have affected the number of days to close following the end of the fiscal year, staffing and procedural adjustments are being made to minimize such impacts.

^cData on posted journal entries are derived directly from the FAMIS financial management system. This data collection method is more accurate and has removed any possibility for error that may have existed under the previous manual process.

^dOperating expenses are included under Administration. The FY06 increase is due to a new grants manager position to handle the increased workload related to Homeland Security and other Federal and State grants.

EXPLANATION:

The number of business days to "close" a fiscal year is a benchmark in the accounting field. The financial reporting changes required in connection with Governmental Accounting Standards Board (GASB) Statements No. 33 through 40 have affected the number of days to close following the end of the fiscal year. Staffing adjustments have been made to minimize the impact on the number of days required to close.



PROGRAM PARTNERS IN SUPPORT OF OUTCOMES: County departments and agencies.

MAJOR RELATED PLANS AND GUIDELINES: Generally Accepted Accounting Principles, Governmental Accounting Standards Board pronouncements.

FINANCE

PROGRAM:

Insurance

PROGRAM ELEMENT:

Contract Review

PROGRAM MISSION:

To provide timely review of proposed contracts for the provision of services to the County, and to ensure that County contractors have sufficient insurance coverage so that the County is not unnecessarily exposed to potential liability and financial risk

COMMUNITY OUTCOMES SUPPORTED:

- Ensure high value for tax dollars
- Ensure accountability
- Insist upon customer satisfaction

PROGRAM MEASURES

	FY03 ACTUAL	FY04 ACTUAL	FY05 ACTUAL	FY06 BUDGET	FY07 CE REC
Outcomes/Results:					
Percentage of proposed contracts reviewed and certified for adequate insurance coverage	100	100	100	100	100
Service Quality:					
Percentage of contracts reviewed within four business days	99	100	100	100	100
Efficiency:					
Number of contracts reviewed per work-year ^a	2,823	3,051	3,277	3,333	3,357
Workload/Outputs:					
Number of contracts reviewed ^a	5,929	6,407	6,881	7,000	7,050
Inputs:					
Expenditures (\$000)	125	131	139	147	148
Workyears ^b	2.1	2.1	2.1	2.1	2.1

Notes:

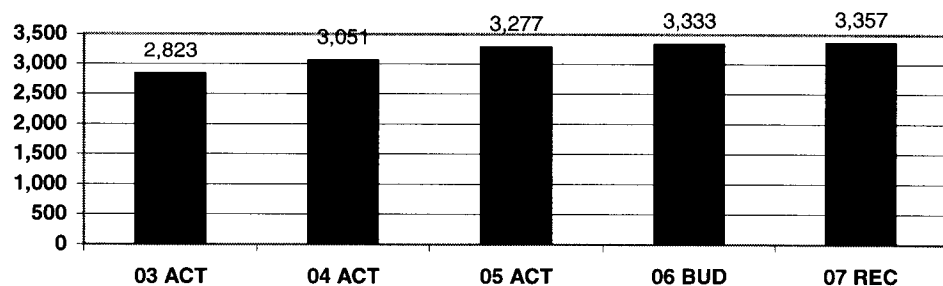
^aThe number of contracts reviewed is contingent upon the number of contracts processed by the Office of Procurement (90%) and by other departments (10%). This number will continue to be monitored.

^bFY03 - FY07 reflect budgeted workyears.

EXPLANATION:

Proposed County contracts are reviewed by Risk Management staff to ensure that contractors and grantees have sufficient insurance coverage and that the County will not be exposed to potential liability and financial risk.

Contracts Reviewed per Workyear



PROGRAM PARTNERS IN SUPPORT OF OUTCOMES: County Attorney, Procurement, County departments and agencies.

MAJOR RELATED PLANS AND GUIDELINES:

FINANCE

PROGRAM:

Internal Audit

PROGRAM ELEMENT:
PROGRAM MISSION:

Provide accurate, independent, useful information and thorough audit services to assist Executive Branch managers in the effective discharge of their responsibilities

COMMUNITY OUTCOMES SUPPORTED:

- Ensure high value for tax dollars
- Ensure accountability
- Insist upon customer satisfaction

PROGRAM MEASURES

	FY03 ACTUAL	FY04 ACTUAL	FY05 ACTUAL	FY06 BUDGET	FY07 CE REC
Outcomes/Results:					
Percentage of recommendations fully implemented ^a	53	72	82	66	66
Percentage of recommendations in the process of implementation by the organization audited ^a	31	19	0	30	25
Percentage of recommendations fully implemented or in the process of implementation ^a	84	91	82	96	91
Service Quality:					
Efficiency:					
Audits per workyear	2.5	3.7	3.4	3.4	2.8
Workload/Outputs:					
Total audits completed (contract and staff)	12	14	13	13	13
Audits conducted for, and funded by, other departments	5	5	5	NA	NA
Outsourced audits completed	11	12	7	4	5
Average cost of outsourced audits (\$)	23,868	20,891	14,585	30,300	31,620
Average cost of audits funded by other departments (\$) ^b	19,053	31,765	11,112	NA	NA
Average contractor hours per outsourced audit ^c	302	205	112	NA	NA
Mandated audits (State requirements or needed for accreditation)	6	8	5	NA	NA
Inputs:					
Total budgeted expenditures (\$000) ^b	490	562	637	604	831
Total workyears ^d	4.8	3.8	3.8	3.8	4.6
Budget for outsourced audits (\$000) ^b	91	108	108	108	172
Expenditures for audits funded by other departments (\$000)	95	159	56	NA	NA

Notes:

^aThe FY03, FY04, and FY05 actuals are based on follow-ups of 19, 78, and 11 recommendations agreed to by the auditees in FY03, FY04, and FY05, respectively.

^bBudget figures are shown in order to provide resource comparisons without conflicting information from carryover appropriations. Budget numbers for audits funded by other departments are not projected since requests for such audits are received throughout the fiscal year.

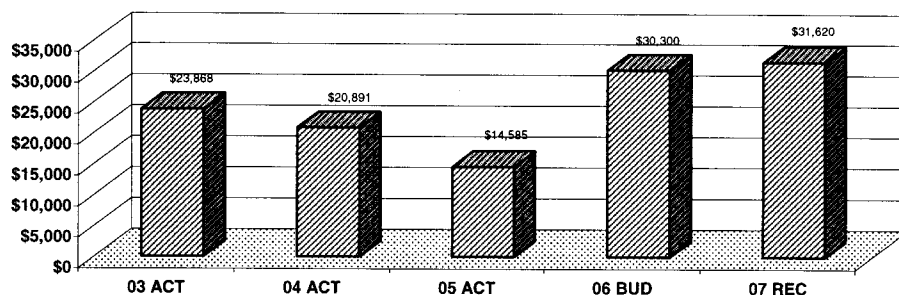
^cAverage contractor hours cannot be estimated because the scope and complexity of most non-recurring audits can only be determined after preliminary audit planning.

^dFY03 - FY07 reflect budgeted workyears. The FY04 workyears decreased due to the abolishment of an auditor position. The FY07 increase reflects the continued implementation of the Government Compliance Initiative.

EXPLANATION:

Internal Audit uses the services of outside auditors to maximize productivity. Three types of audit services are outsourced: performance, information technology, and fiscal/contract audits. The size and complexity of outsourced audits is increasing, along with the average hourly cost.

Average Cost of Outsourced Audits



PROGRAM PARTNERS IN SUPPORT OF OUTCOMES: Outside auditors, County departments.

MAJOR RELATED PLANS AND GUIDELINES: Federal and Maryland State rules and regulations; Government Accounting, Auditing, Financial Reporting; Federally Accepted Government Auditing Standards; Generally Accepted Auditing Standards; American Institute of Certified Public Accountants industry guide; Federal Information Systems Controls Audit Manual.

FINANCE

PROGRAM:

Occupational Safety and Health

PROGRAM ELEMENT:
PROGRAM MISSION:

To provide timely and accurate reports to the State regulatory agency on safety and health issues, and to promote a safe and healthy work environment for County employees, volunteers, and visitors

COMMUNITY OUTCOMES SUPPORTED:

- Ensure high value for tax dollars
- Ensure accountability
- Insist upon customer satisfaction

PROGRAM MEASURES

	FY03 ACTUAL	FY04 ACTUAL	FY05 ACTUAL	FY06 BUDGET	FY07 CE REC
Outcomes/Results:					
Number of cases resulting in lost time from work ^a	464	388	367	448	325
Worker's Compensation cost per \$100 of payroll (\$) ^a	1.16	1.32	1.50	1.93	1.93
Service Quality:					
Average overall rating for staff-conducted classes (1-poor, 5-excellent)	4.6	4.7	4.7	4.6	4.6
Average overall rating for consultant-conducted classes (1-poor, 5-excellent)	4.6	4.6	4.7	4.6	4.6
Percentage of State reports delivered on time	100	100	100	100	100
Efficiency:					
Training classes conducted per Safety and Health Specialist	51.0	50.7	50.7	50.0	50.0
Self-inspection reports reviewed per Safety and Health Specialist	64.0	63.3	63.3	63.3	63.3
Workload/Outputs:					
Total cost of Worker's Compensation claims paid (\$ million) ^a	5.2	6.7	6.4	8.8	8.9
Training classes conducted	153	152	152	150	150
Self-inspection reports reviewed	192	190	190	190	190
Inputs:					
Expenditures (\$000)	388	416	494	553	599
Total workyears ^b	5.0	5.0	5.0	5.0	5.0
Workyears for Safety and Health Specialists ^b	3.0	3.0	3.0	3.0	3.0

Notes:

^aCounty Government only; does not include outside agency participants or the Fire and Rescue Service. Recording the number of cases with lost time helps to focus loss prevention and control activities on departments with a high frequency and severity of claims. Worker's Compensation cost per \$100 is an industry benchmark based on estimates by the County's actuary, which are received annually.

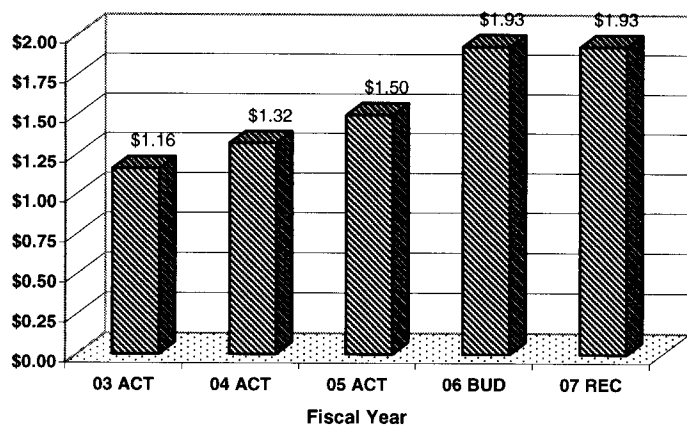
^bFY03 - FY07 reflect budgeted workyears.

EXPLANATION:

This program supports a safe work environment for County employees. Limiting the cost of Worker's Compensation claims may, in part, be an indication that the work environment is becoming safer. While other factors can also impact the cost of Worker's Compensation claims, offering safety training classes and reviewing self-inspection programs may prevent accidents before they occur.

The above data show that while the number of "lost time" claims in FY05 was down 5% from FY04, the cost of Workers' Compensation is increasing due to the severity of the claims. (Claims severity impacts the cost of Workers' Compensation per \$100 of payroll.) Severity is increasing due to medical inflation and increasingly higher awards of compensation granted by the Maryland Workers' Compensation Commission, especially for public safety employees.

Worker's Compensation Cost Per \$100 of Payroll



PROGRAM PARTNERS IN SUPPORT OF OUTCOMES: County Attorney, other County departments and participating agencies.

MAJOR RELATED PLANS AND GUIDELINES:

FINANCE

PROGRAM:

Payroll

PROGRAM ELEMENT:
PROGRAM MISSION:

To provide timely, accurate, and efficient management and maintenance of the County's payroll systems and functions as prescribed by Federal, State, and County laws and local regulations

COMMUNITY OUTCOMES SUPPORTED:

- Ensure high value for tax dollars
- Ensure accountability
- Insist upon customer satisfaction

PROGRAM MEASURES

	FY03 ACTUAL	FY04 ACTUAL	FY05 ACTUAL	FY06 BUDGET	FY07 CE REC
Outcomes/Results:					
Percentage of paychecks delivered by direct deposit	80.4	82.0	85.6	88.0	91.0
- Regular County employees	87.7	88.7	90.8	92.0	93.0
- Temporary County employees	32.4	36.7	51.1	55.0	67.0
Service Quality:					
Percentage of paychecks that are accurate and timely ^a	98.2	98.8	98.6	98.0	98.7
Efficiency:					
Number of employees paid per program workyear	1,466	1,461	1,480	1,485	1,491
Annual cost per employee paid (\$) ^b	38.35	46.44	50.59	50.32	55.17
Average cost per paycheck/advice issued (\$) ^b	1.48	1.79	1.95	1.94	2.12
Workload/Outputs:					
Number of paychecks/advices processed (000)	251.6	250.7	254.0	254.8	255.8
Inputs:					
Personnel expenditures (\$000) ^b	371	448	494	493	543
Workyears ^b	6.6	6.6	6.6	6.6	6.6

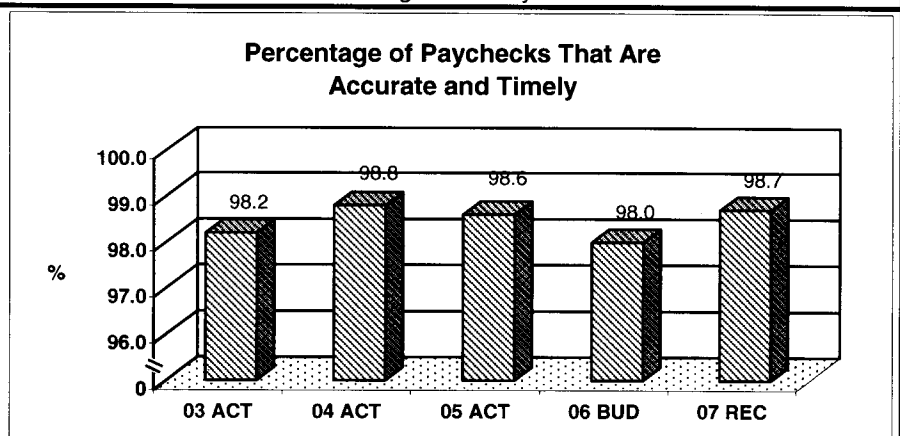
Notes:

^aBased on the percentage of paychecks that do not require reissuing or amending. Errors result from employee or departmental mistakes on time sheets, late Personnel Action Forms that require pay adjustments, and occasionally from payroll errors (e.g., deductions).

^bOperating expenses are included under Administration. FY03 - FY07 reflect budgeted workyears.

EXPLANATION:

Paychecks sometimes require adjustments or must be reissued. Such changes usually result from delays in departmental processing of paperwork or inaccurate addresses for mailing paychecks. The vast majority of paychecks and advices are accurate and received on time, as evidenced by the 98.6% rate achieved in FY05. Employees are provided prompt corrective services when paychecks are delayed or are not accurate.



PROGRAM PARTNERS IN SUPPORT OF OUTCOMES: Office of Human Resources, County departments and offices.

MAJOR RELATED PLANS AND GUIDELINES: Federal, State, and County laws; local regulations.

FINANCE

PROGRAM:

Property Taxes

PROGRAM ELEMENT:
PROGRAM MISSION:

To provide for the timely, accurate, and complete calculation, processing, and distribution of tax bills; timely collection of delinquent accounts; and prompt, courteous, and accurate information and responses to inquiries by taxpayers, the real estate industry, and business entities

COMMUNITY OUTCOMES SUPPORTED:

- Ensure high value for tax dollars
- Ensure accountability
- Insist upon customer satisfaction

PROGRAM MEASURES

	FY03 ACTUAL	FY04 ACTUAL	FY05 ACTUAL	FY06 APPROVED	FY07 CE REC
Outcomes/Results:					
Percentage of tax liens for delinquent property taxes that were sold at tax sale	0.48	0.41	0.28	0.35	0.34
Service Quality:					
Average time on hold waiting for an operator when making a telephone inquiry (minutes) ^a	1.2	1.0	1.1	1.0	1.1
Efficiency:					
Property tax accounts billed per program workyear	23,732	24,085	25,865	24,266	23,072
Workload/Outputs:					
Property tax accounts billed (000)	337	342	344	347	353
Personal	30	30	29	30	30
Real	307	312	315	317	323
Solid Waste Systems Benefit Charge	307	312	315	317	323
Parking Districts	6	6	6	6	6
Washington Suburban Sanitary Commission	98	98	98	101	103
Municipalities	58	58	58	60	62
Property tax revenues - all funds (\$000)	933,557	994,386	1,073,895	1,114,104	1,158,977
Number of tax liens for delinquent property taxes that were sold at tax sale	1,621	1,414	956	1,200	1,200
Number of delinquency notices that were mailed (000) ^c	10	14	28	40	40
Operator-answered telephone inquiries (000)	74	63	50	62	56
Inputs:					
Personnel expenditures (\$000) ^b	836	913	974	1,044	1,214
Workyears ^b	14.2	14.2	13.3	14.3	15.3

Notes:

^aThese figures do not reflect the fact that callers may receive a busy signal or may choose to terminate the call if the waiting time is unacceptable to them. In FY03, additional resources (staff and temporaries) with more experience were directed towards customer service and responding to telephone inquiries, thus significantly reducing the waiting time.

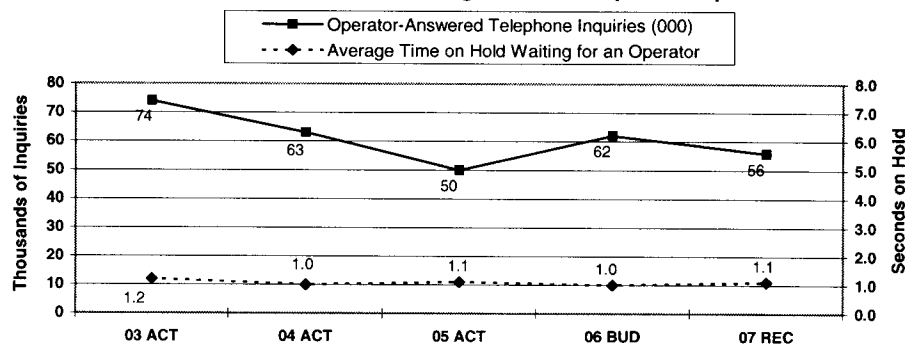
^bOperating expenses are included under Administration. FY03 - FY07 reflect budgeted workyears. FY05 and FY06 expenditures and workyears are gross amounts that include new chargebacks to certain enterprise funds. The FY06 increase is due to collection of the State-mandated Bay Restoration Fund fee. The FY07 increase reflects the transfer of a position during FY06 from Transfer Tax to the Property Tax Call Center to enhance customer service delivery.

^cDelinquency notices mailed include: Property Tax Reminder Notices in October and January, Tax Lien Sale Notices in April, Tax Lien Sold Notices in June, and Redemption Reminder Notices in September. Multiple notices are often mailed regarding a single delinquent account. Due to budgetary constraints in FY03 and FY04, no Property Tax Reminder Notices were mailed.

EXPLANATION:

This program is designed to inform and educate taxpayers regarding their property tax obligations and the County's property tax system in a timely, effective manner. Automated systems such as Interactive Voice Response (IVR) and the County's Finance Department web page are expected to continue to reduce the number of calls received, but the length of calls is expected to increase. It is possible that those callers that continue to make telephone contact may have more complex issues and questions, whereas automated systems such as IVR and the web are handling less complex issues.

Trends in Volume and Holding Time for Telephone Inquiries



PROGRAM PARTNERS IN SUPPORT OF OUTCOMES: State Department of Assessments and Taxation, municipal districts, County taxpayers and businesses.

MAJOR RELATED PLANS AND GUIDELINES:

FINANCE

PROGRAM:

Transfer and Recordation Tax/Public Advocate

PROGRAM ELEMENT:

PROGRAM MISSION:

To provide timely and accurate processing, calculation, and recording of real property transfers; collection of transfer and recordation taxes; independent review of State-determined property tax assessment valuations for fairness and accuracy; and proactive, effective appeals, when appropriate

COMMUNITY OUTCOMES SUPPORTED:

- Ensure high value for tax dollars
- Ensure accountability
- Insist upon customer satisfaction

PROGRAM MEASURES

	FY03 ACTUAL	FY04 ACTUAL	FY05 ACTUAL	FY06 BUDGET	FY07 CE REC
Outcomes/Results:					
First-year revenue increase from successful Public Advocate appeals (\$000) ^a	1,096	224	277	275	150
Ratio of first-year appeal revenues to Transfer Tax/Public Advocate expenditures ^{a,d}	1.13:1	0.43:1	0.50:1	0.45:1	0.24:1
Service Quality:					
Estimated percentage of "simple" deeds processed within one day ^b	60.0	60.0	60.0	60.0	60.0
Efficiency:					
Transfer taxes collected per dollar of program expenditures (\$)	175	207	241	184	222
Transfer taxes collected per program workyear (\$000)	11,488	14,508	17,821	15,060	20,080
Recordation taxes collected per dollar of program expenditures (\$)	175	207	241	184	222
Recordation taxes collected per program workyear (\$000)	11,918	15,607	17,930	14,432	18,662
Workload/Outputs:					
Taxable transfer tax transactions	23,146	25,228	26,454	25,000	26,000
Non-taxable transfer tax transactions	12,549	11,343	8,559	10,000	10,000
Total transfer taxes collected (\$000)	86,157	108,810	133,655	112,950	140,560
Total recordation taxes collected (\$000) ^c	83,426	110,810	127,300	102,470	123,170
Inputs:					
Personnel expenditures for Transfer Tax/Public Advocate (\$000) ^d	493	526	555	615	634
Workyears for Transfer Tax/Public Advocate ^d	7.5	7.5	7.5	7.5	7.0
Personnel expenditures for Recordation Tax (\$000) ^{c,d}	477	535	528	558	556
Workyears for Recordation Tax ^{c,d}	7.0	7.1	7.1	7.1	6.6

Notes:

^aThe FY03 and FY04 actuals decreased because of an FY02 change in State law that prevents the County from filing mid-assessment cycle appeals. As a result, only one-third of those properties whose assessments the County might otherwise appeal may be appealed, and any award in the County's favor is subject to being phased in over three years and is subject to a maximum 10 percent increase after the first year. The FY03 actuals are high due to processing a significant backlog of cases. The FY04 actuals are low because 140 cases were still pending hearings at the Property Tax Assessment Appeals Board. The FY05 actuals are lower than anticipated due to a policy decision to curtail appeals of residential properties. The trend in the first-year revenue increase will likely be down in the future, with appeals being limited to commercial property values only. There were very few appeals of (uncapped) commercial property assessments due to the State Department of Assessment and Taxation's careful analyses of commercial sales. Since the appeals filed were primarily of residential property assessments, the effects of the caps and the phase-ins were accentuated. With appeals now limited to commercial property assessments (and only for the one-third of the County being reassessed), the projection is for a downward trend in FY06 and beyond.

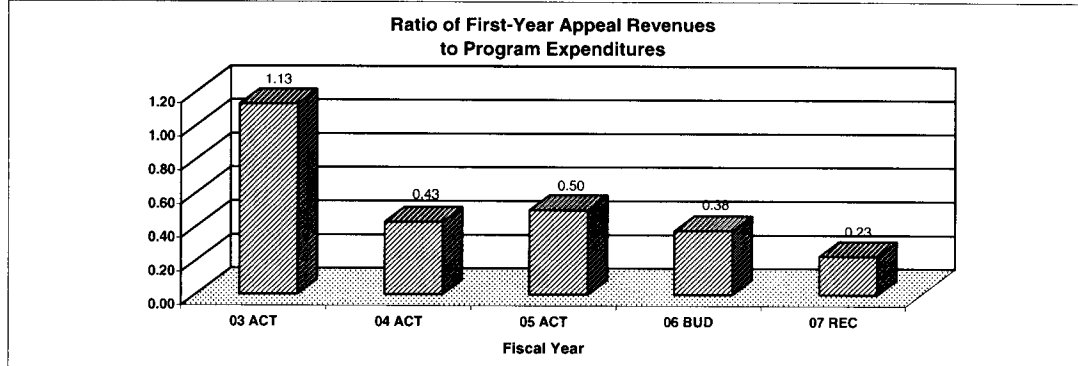
^bFY03 through FY05 actuals are depressed because of the impacts that the large volume and increased complexity of recordation tax transactions are having on overall program productivity (recordation tax transactions were processed by the State until FY02).

^cBeginning in FY02, the County assumed responsibility for collection of the recordation tax, which was formerly performed by the Clerk of the Circuit Court in exchange for a three percent administrative fee. The figures reflect the gross Recordation Taxes collected. The FY03 and FY04 actuals reflect higher than expected recordation tax receipts due to a larger than expected number of refinancing transactions. The FY03 through FY05 actuals reflect the higher recordation tax rate to fund education initiatives. The FY05 actual also reflects higher sales prices of homes. The FY06 budget was down because FY05 was a record-setting year which was not expected to be repeated (however, current projections for FY06 [\$138,990] indicate a continued increase). In FY07, a slight drop is expected from the FY06 projection due to fewer refinancings in the wake of rising interest rates and a slight slowdown in housing sales because many owners made their move while the interest rates were very low.

^dProgram expenditures include only personnel costs. Operating expenses are included under Administration. FY03 - FY07 reflect budgeted workyears. The FY07 decrease is due to the transfer of a position during FY06 from Transfer Tax to the Property Tax Call Center to enhance customer service delivery.

EXPLANATION:

The Public Advocate portion of this program monitors property tax assessments determined by the State Department of Assessments and Taxation. The County appeals assessments that, due to the State's valuation, may impose an unfair burden on other taxpayers. Since FY02, a change in State law has limited revenues from successful Public Advocate appeals.



PROGRAM PARTNERS IN SUPPORT OF OUTCOMES: State Department of Assessments and Taxation.

MAJOR RELATED PLANS AND GUIDELINES: Annotated Code of Maryland: Tax-Property Article.

FINANCE

PROGRAM:

Treasury Operations

PROGRAM ELEMENT:

Cashiering Section

PROGRAM MISSION:

Timely, accurate, and efficient management of the County cashiering function

COMMUNITY OUTCOMES SUPPORTED:

- Ensure high value for tax dollars
- Ensure accountability
- Insist upon customer satisfaction

PROGRAM MEASURES

	FY03 ACTUAL	FY04 ACTUAL	FY05 ACTUAL	FY06 BUDGET	FY07 CE REC
Outcomes/Results:					
Revenue per cashier transaction (\$)	33,232	36,376	40,067	34,000	38,222
Service Quality:					
Percentage of cashier transactions that were accurate	98.5	99.7	99.5	99.8	99.2
Average time to process a cashier transaction (days)	1.6	1.4	1.4	1.6	1.5
Efficiency:					
Cashier transactions per workyear (000)	25.9	23.8	23.6	26.0	24.4
Cost per cashier transaction (\$)	1.75	2.14	2.34	2.22	2.31
Workload/Outputs:					
Number of cashier transactions (000)	103.4	95.1	94.2	104.1	97.5
Inputs:					
Personnel expenditures (\$000) ^a	181	203	^b 220	^b 231	^b 225
Cashier workyears ^a	4.0	4.0	4.0	4.0	4.0

Notes:

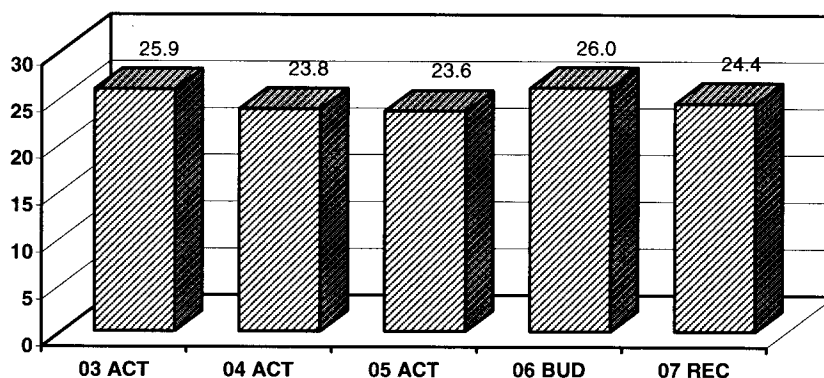
^aPersonnel expenditures reflect only the cost of cashiers. Operating expenses are included under Administration. FY03 through FY07 correspond to budgeted workyears for cashiers.

^bThe FY05 - FY07 expenditures are gross amounts that include chargebacks to other departments and salary lapse.

EXPLANATION:

Cashier transactions deal with everything from tax-related revenues (transfer taxes, property taxes, tax sales, etc.) to business licenses, permits, parking tickets, and red light citations.

**Number of Cashier Transactions Per Workyear
(In Thousands)**



PROGRAM PARTNERS IN SUPPORT OF OUTCOMES: County departments and agencies that generate revenues.

MAJOR RELATED PLANS AND GUIDELINES: Montgomery County Code.